



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD"))⁽¹⁾

	December 31, 2006 (Audited)			September 30, 2006 (Unaudited)		December 31, 2005 (Audited) ⁽²⁾		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
ASSETS											
Current Assets											
Cash and Cash Equivalents	\$3,615	\$117,837	20.1	\$92,903	16.5	\$96,484	18.6	\$24,934	26.8	\$21,353	22.1
Investments in Marketable Financial Instruments	2,370	77,242	13.1	71,192	12.6	48,826	9.4	6,050	8.5	28,416	58.2
Accounts Receivable - Trade	969	31,589	5.4	37,726	6.7	38,478	7.4	(6,137)	-16.3	(6,889)	-17.9
Inventories, Net	657	21,431	3.6	20,338	3.6	17,728	3.4	1,093	5.4	3,703	20.9
Other Current Assets	375	12,218	2.1	6,149	1.1	10,785	2.1	6,069	98.7	1,433	13.3
Total Current Assets	7,986	260,317	44.3	228,308	40.5	212,301	40.9	32,009	14.0	48,016	22.6
Long-Term Investments	1,653	53,895	9.2	51,060	9.1	42,382	8.2	2,835	5.6	11,513	27.2
Property, Plant and Equipment	22,001	717,132	122.1	706,191	125.4	642,948	123.8	10,941	1.5	74,184	11.5
Less: Accumulated Depreciation	(14,205)	(463,038)	-78.8	(445,525)	-79.1	(398,125)	-76.7	(17,513)	3.9	(64,913)	16.3
Property, Plant and Equipment, Net	7,796	254,094	43.3	260,666	46.3	244,823	47.1	(6,572)	-2.5	9,271	3.8
Other Assets	588	19,179	3.2	23,314	4.1	20,004	3.8	(4,135)	-17.7	(825)	-4.1
Total Assets	\$18,023	\$587,485	100.0	\$563,348	100.0	\$519,510	100.0	\$24,137	4.3	\$67,975	13.1
LIABILITIES AND SHAREHOLDERS' EQUITY											
Current Liabilities											
Short-Term Bank Loans	\$ -	\$ -	-	\$ -	-	\$328	0.1	\$ -	-	(\$328)	-100.0
Accounts Payables	301	9,802	1.7	10,669	1.9	11,165	2.1	(867)	-8.1	(1,363)	-12.2
Payables to Contractors and Equipment Suppliers	330	10,769	1.8	15,507	2.8	9,066	1.7	(4,738)	-30.6	1,703	18.8
Accrued Expenses and Other Current Liabilities	592	19,286	3.3	16,885	3.0	14,558	2.8	2,401	14.2	4,728	32.5
Current Portion of Bonds Payable and Long-Term liabilities	215	7,004	1.2	2,505	0.4	5	-	4,499	179.6	6,999	127503.2
Total Current Liabilities	1,438	46,861	8.0	45,566	8.1	35,122	6.7	1,295	2.8	11,739	33.4
Bonds Payable	383	12,500	2.1	17,000	3.0	19,500	3.8	(4,500)	-26.5	(7,000)	-35.9
Other Long-Term Liabilities	583	18,986	3.2	18,919	3.4	18,649	3.6	67	0.4	337	1.8
Total Liabilities	2,404	78,347	13.3	81,485	14.5	73,271	14.1	(3,138)	-3.9	5,076	6.9
Shareholders' Equity Attributable to Shareholders of the Parent											
Capital Stock	7,924	258,297	44.0	258,258	45.8	247,300	47.6	39	0.0	10,997	4.4
Capital Surplus	1,660	54,107	9.2	53,858	9.6	57,118	11.0	249	0.5	(3,011)	-5.3
Retained Earnings	6,048	197,125	33.6	169,213	30.0	142,771	27.5	27,912	16.5	54,354	38.1
Treasury Stock	(28)	(918)	-0.2	(918)	-0.2	(918)	-0.2	-	0.0	-	-
Others	(20)	(630)	-0.1	725	0.2	(640)	-0.1	(1,355)	-	10	-1.7
Total Equity Attributable to Shareholders of the Parent	15,584	507,981	86.5	481,136	85.4	445,631	85.8	26,845	5.6	62,350	14.0
Minority Interest	35	1,157	0.2	727	0.1	608	0.1	430	59.1	549	90.2
Total Shareholders' Equity	15,619	509,138	86.7	481,863	85.5	446,239	85.9	27,275	5.7	62,899	14.1
Total Liabilities & Shareholders' Equity	\$18,023	\$587,485	100.0	\$563,348	100.0	\$519,510	100.0	\$24,137	4.3	\$67,975	13.1

Note : (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the rate of NT\$32.596 as of December 31, 2006.

(2) Certain prior period balances have been reclassified to conform to the current period presentation.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Unaudited Consolidated Condensed Income Statements

For the Three Months Ended December 31, 2006, September 30, 2006, and December 31, 2005

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD"))⁽¹⁾

Except for Per Share Amounts and Shares Outstanding)

	Q4 2006			Q3 2006		Q4 2005		QoQ		YoY	
	USD	NTD	%	NTD	%	NTD	%	Amount	%	Amount	%
Net Sales	\$2,283	\$74,963	100.0	\$82,476	100.0	\$79,228	100.0	(\$7,513)	-9.1	(\$4,265)	-5.4
Cost of Sales	(1,234)	(40,510)	-54.0	(41,344)	-50.1	(37,915)	-47.9	834	-2.0	(2,595)	6.8
Gross Profit	1,049	34,453	46.0	41,132	49.9	41,313	52.1	(6,679)	-16.2	(6,860)	-16.6
Operating Expenses											
Research and Development Expenses	(122)	(4,006)	-5.3	(4,231)	-5.1	(3,570)	-4.5	225	-5.3	(436)	12.2
General and Administrative Expenses	(68)	(2,246)	-3.0	(2,424)	-2.9	(1,910)	-2.4	178	-7.4	(336)	17.6
Sales and Marketing Expenses	(24)	(794)	-1.1	(845)	-1.1	(1,424)	-1.8	51	-5.9	630	-44.2
Total Operating Expenses	(214)	(7,046)	-9.4	(7,500)	-9.1	(6,904)	-8.7	454	-6.1	(142)	2.1
Income from Operations	835	27,407	36.6	33,632	40.8	34,409	43.4	(6,225)	-18.5	(7,002)	-20.3
Non-Operating Income, Net	52	1,713	2.3	322	0.3	640	0.8	1,391	431.5	1,073	167.9
Investment Gains	12	388	0.5	709	0.9	540	0.7	(321)	-45.3	(152)	-28.0
Income before Income Tax	899	29,508	39.4	34,663	42.0	35,589	44.9	(5,155)	-14.9	(6,081)	-17.1
Income Tax (Expenses) Benefits	(46)	(1,494)	-2.0	(2,144)	-2.6	(1,692)	-2.1	650	-30.3	198	-11.7
Net Income	853	28,014	37.4	32,519	39.4	33,897	42.8	(4,505)	-13.9	(5,883)	-17.4
Minority Interest	(3)	(102)	-0.2	(30)	0.0	3	0.0	(72)	246.7	(105)	-
Net Income Attributable to Shareholders of the Parent	850	27,912	37.2	32,489	39.4	33,900	42.8	(4,577)	-14.1	(5,988)	-17.7
Earnings per Share - Diluted	\$0.03	\$1.08		\$1.26		\$1.31		-\$0.18	-14.1	-\$0.23	-17.8
Earnings per ADR - Diluted ⁽²⁾	\$0.16	\$5.41		\$6.29		\$6.57		-\$0.89	-14.1	-\$1.17	-17.8
Weighted Average Outstanding Shares - Diluted (M) ⁽³⁾		25,815		25,809		25,787					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.831 for the fourth quarter of 2006.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,787M shares for 4Q05 after the retroactive adjustments for stock dividends and stock bonus.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Audited Consolidated Condensed Income Statements

For the Year End December 31, 2006 and 2005

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD"))⁽¹⁾

Except for Per Share Amounts and Shares Outstanding)

	For The Year Ended December 31								
	2006			2005		YoY			
	USD	NTD	%	NTD	%	Amount	%		
Net Sales	\$9,759	\$317,407	100.0	\$266,565	100.0	\$50,842	19.1		
Cost of Sales	(4,969)	(161,597)	-50.9	(148,362)	-55.7	(13,235)	8.9		
Gross Profit	4,790	155,810	49.1	118,203	44.3	37,607	31.8		
Operating Expenses									
Research and Development Expenses	(494)	(16,076)	-5.1	(14,017)	-5.3	(2,059)	14.7		
General and Administrative Expenses	(268)	(8,717)	-2.7	(9,086)	-3.4	369	-4.1		
Sales and Marketing Expenses	(115)	(3,752)	-1.2	(4,132)	-1.5	380	-9.2		
Total Operating Expenses	(877)	(28,545)	-9.0	(27,235)	-10.2	(1,310)	4.8		
Income from Operations	3,913	127,265	40.1	90,968	34.1	36,297	39.9		
Non-Operating Income, Net	115	3,750	1.2	1,862	0.7	1,888	101.5		
Investment Gains	72	2,347	0.7	1,434	0.6	913	63.8		
Income before Income Tax	4,100	133,362	42.0	94,264	35.4	39,098	41.5		
Income Tax (Expenses) Benefits	(239)	(7,774)	-2.4	(631)	-0.3	(7,143)	1,132.8		
Net Income before Cumulative Effect of Changes in Accounting Principles	3,861	125,588	39.6	93,633	35.1	31,955	34.1		
Cumulative Effect of Changes in Accounting Principles (Net of Tax)	49	1,607	0.5	-	-	1,607	-		
Net Income	3,910	127,195	40.1	93,633	35.1	33,562	35.8		
Minority Interest	(5)	(185)	-0.1	(58)	0.0	(127)	221.9		
Net Income Attributable to Shareholders of the Parent	3,905	127,010	40.0	93,575	35.1	33,435	35.7		
Earnings per Share - Diluted	\$0.15	\$4.92		\$3.63		\$1.29	35.5		
Earnings per ADR - Diluted ⁽²⁾	\$0.76	\$24.60		\$18.15		\$6.45	35.5		
Weighted Average Outstanding Shares - Diluted ('M') ⁽³⁾		25,813		25,776					

Note:

(1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD 32.523 for the year ended December 31, 2006.

(2) 1 ADR equals 5 ordinary shares.

(3) Total diluted weighted average outstanding shares were 25,776M shares for the year ended December 31, 2005 after the retroactive adjustments for stock dividends and stock bonus.



TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows

For the Year Ended December 31, 2006 and for the Three Months Ended December 31, 2006, September 30, 2006, and December 31, 2005

(Expressed in Millions of New Taiwan Dollars ("NTD") and U.S. Dollars ("USD")) ⁽¹⁾

	Twelve Months 2006 (Audited)		4Q 2006 (Unaudited)	3Q 2006 (Unaudited)	4Q 2005 ⁽²⁾ (Unaudited)
	USD	NTD	NTD	NTD	NTD
Cash Flows from Operating Activities:					
Net Income	\$ 3,905	\$ 127,010	\$ 27,912	\$ 32,489	\$ 33,900
Net Income Attributable to Minority Interest	6	186	103	30	(3)
Depreciation & Amortization	2,267	73,715	19,682	18,411	18,663
Deferred Income Tax	4	122	7	(136)	(953)
Equity in Losses (Earnings) of Equity Method Investees, Net	(72)	(2,347)	(388)	(709)	(539)
Changes in Working Capital & Others	193	6,311	5,698	2,593	(993)
Net Cash Provided by Operating Activities	6,303	204,997	53,014	52,678	50,075
Cash Flows from Investing Activities:					
Acquisitions:					
Marketable Financial Instruments	(4,238)	(137,846)	(38,210)	(27,054)	(34,697)
Investments Accounted for Using Equity Method	(80)	(2,613)	(2,433)	(132)	(622)
Property, Plant and Equipment	(2,421)	(78,737)	(17,580)	(28,256)	(13,618)
Financial Assets Carried at Cost	(16)	(512)	(16)	(205)	(258)
Proceeds from Disposal or maturity of:					
Marketable Financial Instruments	3,137	102,030	31,539	18,486	35,697
Investments Accounted for Using Equity Method	-	-	-	-	65
Property, Plant and Equipment	16	519	54	217	206
Financial Assets Carried at Cost	4	126	21	105	20
Others	(83)	(2,691)	(1,750)	(147)	(101)
Net Cash Used In Investing Activities	(3,681)	(119,724)	(28,375)	(36,986)	(13,308)
Cash Flows from Financing Activities:					
Increase (Decrease) in Guarantee Deposits	28	921	133	327	531
Proceeds from Exercise of Stock Options	18	575	152	97	105
Bonus Paid to Directors and Supervisors	(8)	(257)	-	(257)	-
Issuance (Repayment) of Long-Term Bonds Payable	-	-	-	-	(9,504)
Cash Dividends Paid for Common Stock	(1,898)	(61,743)	-	(61,743)	-
Cash Bonus Paid to Employees	(106)	(3,432)	-	(3,432)	-
Others	5	153	480	270	(1,149)
Net Cash (Used in) Provided by Financing Activities	(1,961)	(63,783)	765	(64,738)	(10,017)
Net Increase (Decrease) in Cash and Cash Equivalents	661	21,490	25,404	(49,046)	26,750
Effect of Exchange Rate Changes and Others	(5)	(137)	(470)	497	152
Cash and Cash Equivalents at Beginning of Period	2,967	96,484	92,903	141,452	69,582
Cash and Cash Equivalents at End of Period	\$ 3,623	\$ 117,837	\$ 117,837	\$ 92,903	\$ 96,484

Note: (1) Amounts in New Taiwan dollars have been translated into U.S. dollars at the weighted average rate of NTD32.523 for the year ended December 31, 2006.

(2) Certain prior period balances have been reclassified to conform to the current period presentation.